

INFORMATION PAPER CFO ISSUES – FY 2000 AUDIT

Issue: Plant Replacement and Improvement Program (PRIP) Documentation

References:

U. S. Army Audit Agency (USAAA) Audit Report: SR 95-449, 13 Mar 95 of the U.S. Army Corps of Engineers Financial Statements, Civil Works, recommendation E-1.

CECW-OM/CERM-F memorandum, 8 May 96, subject: Unimplemented Audit Recommendations.

CERM-BA memorandum, 7 Jan 99, subject: Revolving Fund Asset Documentation for Chief Financial Officer's Reports (CAPITAL INVESTMENT POLICY MEMO #1)

Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards Number 6, Accounting for Plant, Property and Equipment.

Description:

USAAA recommended USACE retain and consolidate asset valuation records until assets are retired. USACE concurred and issued the 8 May 96 memorandum, instructing all USACE Commanders (or a designated representative) to retain Work Order Completion Reports, ENG Form 3013, as a permanent record for each capital acquisition or addition and betterment to a capital asset. Records are to be retained until retirement or disposal of the capital asset.

A related issue is documentation of assets pre-existing at the time the 8 May 96 memorandum was issued. USACE maintains, and USAAA agrees in principle, that documentation cannot be manufactured for pre-existing assets. Since hardcopy files were purged to varying degrees during conversion to the MARKS filing system, documentation for pre-existing assets is inconsistent across USACE. USACE and USAAA are in agreement that documentation for pre-existing assets is limited to such valuation as was recorded prior to the effective date of current guidance (1 June 1996). This position complies with the applicable guidance in reference c., paragraph 40.

The 8 May 96 and 7 Jan 99 memoranda remain in effect until publication of a superceding Engineer Regulation that will incorporate all PRIP guidance. CERM-B, as PRIP proponent, will undertake publication of that regulation.

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Requirements for Compliance:

Standard: Maintain documentation of costs for each capital acquisition or addition and betterment to a capital asset from the time such assets are placed in service until they are disposed of or retired.

Self-Assessment Rating Criteria: RM and IR must review and assure that documentation (ENG Forms 3013) are on file for each capital asset.

Field Action(s): Division and District Commanders, or a designated representative, shall ensure retention and consolidation, from acquisition to retirement or disposal, of ENG Forms 3013 that result in capital acquisition or addition and betterment to a capital asset.

HQUSACE Actions: CERM-B will issue both a draft PRIP and subsequently a final regulation incorporating all PRIP guidance.

Milestones:

15 February 2000 Issue draft PRIP regulation.

30 August 2000 Issue final PRIP regulation.

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